

Fiscal Estimate - 2005 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 05-3854/2		Introduction Number AB-809	
Description Creating an income and franchise tax credit for motor vehicles that use gasoline and ethanol mixtures as fuel			
Fiscal Effect			
State:			
<div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect</div><div style="width: 33%;"><input type="checkbox"/> Indeterminate</div><div style="width: 33%;"></div></div> <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"><div style="width: 33%;"><input type="checkbox"/> Increase Existing Appropriations</div><div style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues</div><div style="width: 33%;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget</div></div> <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"><div style="width: 33%;"><input type="checkbox"/> Decrease Existing Appropriations</div><div style="width: 33%;"><input checked="" type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</div></div> <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"><div style="width: 33%;"><input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"></div><div style="width: 33%;"><input type="checkbox"/> Decrease Costs</div></div>			
Local:			
<div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs</div><div style="width: 33%;"><input type="checkbox"/> Indeterminate</div><div style="width: 33%;"></div></div> <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"><div style="width: 33%;">1. <input type="checkbox"/> Increase Costs</div><div style="width: 33%;">3. <input type="checkbox"/> Increase Revenue</div><div style="width: 33%;">5. Types of Local Government Units Affected</div></div> <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"><div style="width: 33%;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;"><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities</div></div> <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"><div style="width: 33%;">2. <input type="checkbox"/> Decrease Costs</div><div style="width: 33%;">4. <input type="checkbox"/> Decrease Revenue</div><div style="width: 33%;"><input type="checkbox"/> Counties <input type="checkbox"/> Others</div></div> <div style="display: flex; flex-wrap: wrap; margin-top: 5px;"><div style="width: 33%;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;"><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts</div></div>			

Fiscal Estimate Narratives

DOR 11/11/2005

LRB Number	05-3854/2	Introduction Number	AB-809	Estimate Type	Original
Description					
Creating an income and franchise tax credit for motor vehicles that use gasoline and ethanol mixtures as fuel					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates an income and franchise tax credit for the amount of sales and use taxes paid on the purchase of a new motor vehicle that is licensed for highway use and is capable of using both gasoline and a mixture of gasoline and at least 85% ethanol as fuel. The credit may not exceed \$1,000 per vehicle purchased, and may be claimed for taxable years beginning in 2006 through 2010.

Based on data from the Department of Administration, about 88,000 flexible fuel vehicles (FFVs—vehicles capable of using either E85 or conventional gasoline) are currently registered in Wisconsin. Model years range from 1996 through 2005. On average, 12,346 vehicles were sold in each model year from 2001 through 2004. The Federal Energy Information Administration estimates that the number sold nationally has been increasing at over 20% per year. Since FFVs may not start as well in cold climates as gasoline-fueled cars, sales in Wisconsin are assumed to increase at a lower rate of 15% annually. As such, the estimated number of Wisconsin sales for 2006 is 16,328 ($\$12,348 \times 1.15\% \times 1.15\%$).

The estimated average price of a 2005 vehicle is \$27,365. Because the credit is limited to \$1,000 and the state sales tax rate is 5%, the credit would apply only to the first \$20,000 of the price of the FFV. As such, it is assumed that the full \$1,000 credit would apply to each vehicle sale. It is further assumed that there would be a 99% sales tax compliance rate for sales of the vehicles, resulting in an estimated fiscal effect for the bill of \$16 million ($\$1,000 \times 16,328 \times 99\%$). If the number of sales were to continue to increase over the period that the credit is in effect, the estimated fiscal effect would also increase.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description Creating an income and franchise tax credit for motor vehicles that use gasoline and ethanol mixtures as fuel			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$	\$	
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$-16,000,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-16,000,000	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-16,000,000	\$	
Agency/Prepared By		Authorized Signature	Date
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